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RUEHYD/AMEMBASSY YAOUNDE PRIORITY 0254
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RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY
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UNCLAS SECTION 01 OF 05 ABUJA 001023

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SUBJECT: NIGERIA: BI-WEEKLY POL/ECON UPDATES FOR MAY 1-15, 2008

¶1. (U) Following is a joint Embassy Abuja-ConGen Lagos compilation of May 1-15, 2008 political/economic highlights, which did not feature in our other reporting, covering:

- Elections: Tribunals, Reforms, Re-runs
- Corruption
- Human Rights, TIP
- National Assembly
- Narcotics and Law Enforcement
- Economic News
- Agriculture
- Oil and Gas
- Security
- Other Noteworthy News

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Elections: Tribunals, Reforms, Re-runs

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¶2. (SBU) OGUN HOUSE SPEAKER IMPEACHED: On May 15, the Ogun State House of Assembly impeached House Speaker Titi Oseni along with the Deputy House Speaker, accusing the two of "incompetence" and "arrogance". Oseni complained the impeachment broke House rules and she vowed to continue in office. A Post contact told PolSpec that the impeachment climaxed weeks of internal bickering by legislators over the fate of the increasingly unpopular Speaker, whose highhanded rule has been resented by lawmakers. State Governor Daniel had tried to resolve the dispute between the Speaker and legislators, angry at what they considered the Speaker's high handed rule in office, but was unsuccessful.

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Corruption

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¶3. (U) BILL TO CREATE SPECIAL FINANCIAL CRIMES COURT: Senator Simeon Oduoye (Peoples Democratic Party, Osun State) introduced a bill with the National Assembly on May 13 to create a special court to hear financial crimes and corruption cases. Oduoye told Poloffs the bill aims to address concerns of the EFCC and ICPC by reducing the time to prosecute cases through the courts and providing a cadre of technically competent judges. Oduoye maintains he has the support of the EFCC, ICPC and Chief Justice Kutigi in moving the bill forward. Should he not be successful at establishing a special court, Oduoye says he will propose establishment of a special division for financial crimes within the federal high court system. Support for his bill

among Senate members is mixed.

¶4. (U) COORDINATOR AND DEPUTY OF POLICE EQUIPMENT FUND
ARRESTED: National Coordinator of the Police Equipment Fund
(PEF) Kenny Martins (former President Obasanjo's
brother-in-law by a former marriage) and his Deputy Ibrahim
Dumuje were arrested on May 5 for forgery and conspiracy to
commit fraud. The court case is expected to begin on June 4.
Martins is accused of misappropriation of approximately \$415
million in PEF funds during his two plus years as Coordinator
of the fund.

Human Rights, TIP

¶5. (U) EBONYI COMMUNAL CLASH: Local press reports one person
killed and several injured in a communal clash between
neighboring Ezillo and Ezza ethnic groups in Ebonyi State on
May 10. Approximately 200 houses, stores and properties were
burned. The clash reportedly erupted out of a dispute over
an Ezillo man's plans to build a telephone booth on land
claimed by the Ezza people. Anti-riot police and military
were dispersed to the area to keep peace late in the
afternoon of May 10.

¶6. (U) TIP STATISTICS ANNOUNCED: Nigeria's National
Association for the Prohibition of Traffic in Persons
(NAPTIP) announced at its annual stakeholder meeting May 14
that the agency handled 587 cases of human trafficking for
"sexual exploitation and child abuse" between October 2007
and May 2008. The Agency's director of investigations,

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Muhammad Babandede, also revealed that 10 traffickers had
been convicted during the same period. .
National Assembly

¶7. (U) FREEDOM OF INFORMATION BILL: The Freedom of
Information bill was again rejected in the House of Assembly
on April 29. Despite requests by the Deputy Speaker, Bayero
Usman Nafada, to stall the vote, supporters in the House put
forward the motion to hold the vote; the bill was rejected by
voice vote. Supporters of the bill maintain it is the fear
of exposure of past misdeeds that caused the rejection;
however, several of those voting against the bill noted that
the bill's sponsor was not in the country at the time of the
vote. The Senate announced on May 13 that it intends to hold
a public hearing on the bill in early June 2008. The
Chairman of the Senate Committee on Information and Media
Ayogu Eze told PolOff that the Freedom of Information bill
"will certainly pass" in the Senate, after public hearings
scheduled for early June. Senator Eze maintained that
consideration of the bill in the House was delayed due to the
absence of its principal sponsor, Abike Dabiri, and not
because of any reluctance or opposition in the Assembly to
the legislation, which some contend will lift the veil on
questionable government dealings and activities of public
officials.

¶8. (SBU) BAKASSI UPDATE: Prince Bola Ajibola, head of the
Nigerian delegation to the Nigerian-Cameroonian Joint
Commission on the Bakassi, briefed members of the House of
Representatives May 14 about the historical background of the
Bakassi, World Court judgment against Nigeria, and the
Greentree agreement. The GON is hoping to appease
lawmakers' concerns and encourage them to belatedly ratify
the treaty which ceded the Bakassi peninsula to Cameroon in
¶2006. On May 12, Nigerian television news featured a
groundbreaking ceremony for a 200-unit housing development in
Cross River state to accommodate resettled people from the
Bakassi. Florence Ita-Giwa, the President's Special
Assistant for Legislative Affairs and a Bakassi local, was
visibly unhappy and complained to the cameras that the
problems of the Bakassi people go beyond housing. She noted
that the former residents have been denied the right to their

farmlands, fishing (their primary source of income), and the right to actively participate in politics. On May 20 the Ambassador met with UN Special Advisor on Bakassi issues, Said Djinnit, to hear his brief on challenges with the GON on this issue. He stressed that GON National Assembly members were misguided on their interpretation of the issues, as Bakassi; was not a treaty and did not need acceding to by Nigerian Senators. He added that he found a better understanding among members of the executive branch on the issue and that he was hopeful things would move forward when he returned in July. Ambassador suggested that Djinnit reach out to members of the Senate to brief them on the differences and nuances on the Greentree Agreement as a way to try to remove the politics from the issues so that they are better informed about Nigerian obligations under the Agreement. Djinnit took this on board and mused he would set up a round of talks with GON Senators. (Comment: Though some members of the NASS continue to grumble about the Greentree agreement, we believe that there is no serious threat of Nigeria going back on the deal. However, the GON may need to do more to appease resettled Bakassi people, both economically and politically. Most observers also agree that the Constitution, which explicitly refers to Bakassi as a part of Nigeria, needs to be amended. End Comment.)

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Narcotics and Law Enforcement

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¶9. (U) USG SUPPLIED BODY SCANNERS STOP DRUG COURIERS: Since the March 27 installation of USG funded body scanners in Abuja and Kano airports, over eleven kilograms of cocaine have been seized from individuals attempting to smuggle drugs onto planes. The Soter RS scanners provided by INL to the National Drug Law Enforcement Agency (NDLEA)

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are designed to detect all foreign materials on or inside the human body, and have led to the arrest of 22 men and three women to date. The detained drug "mules" attempted to traffic cocaine concealed in undergarments and various body cavities, including packets of drugs swallowed in an attempt to avoid detection. Similar machines in the Lagos and Port Harcourt airports are to be operational by the first week in June. Newer, updated "itemizers" that detect trace amounts of explosives and illegal narcotics should be installed by the end of June in all four international airports, replacing older models which will be refurbished for backup use. INL is in the process of scheduling additional training for all personnel who will operate the new machines.

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Economic News

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¶10. (SBU) WHY SO MANY EMPTY PETROL STATIONS?: U.S. Mission road travelers to northern Nigeria have recently noticed that there seem to be many newly-built petrol stations, most of which are standing idle and never seem to have any fuel. These fuel stations are often clustered together on the outskirts of towns and villages, and this clustering seems odd given that the price of fuel is regulated by government, so (in theory) stations cannot compete with one another on price. A northern business contact recently remarked to Poloff that if a Nigerian wants to obtain a license to buy wholesale quantities of fuel, he must first prove to the government that he operates one or more petrol stations. However, once that license is obtained, many businessmen choose to sell their fuel on the black market (at far greater profit) and leave their official fuel station sitting idle.

¶11. (U) NATIONAL WAR COLLEGE STUDENTS VISIT COMMERCE, FINANCE MINISTRIES: A delegation from the U.S. National War College met with officials of the Ministry of Commerce and Industry and Finance on May 13. Ministry of Commerce and Industry Trade Director Badeji Abiokoye briefed the delegation on ongoing initiatives including the cassava

initiative aimed at expanding cassava yield and exporting its derivatives and the enterprise zone initiative aimed at bringing small businesses together in clusters to reduce their operational costs and achieve economies of scale. At the Ministry of Finance, Budget Director Dr. Bright Okogu, told the delegation that the GON is considering using more Public-Private Partnership frameworks to implement infrastructure projects rather than funding such projects from the annual budget.

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Agriculture

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¶12. (U) AG MINISTER APPOINTS NEW SECURITY TEAM ON FOOD PRICES: The Minister of Agriculture and Water Resources (MINAG) appointed a seven member food security team to work jointly with international donor organizations to address rising food prices. Following the creation of the food security team, in a May 13 meeting between donors and the GON, a subcommittee was established to work with the GON food security team to develop a Donor/GON Food Security Response Plan. The Plan's goal is to identify short, medium, and long term strategies.

¶13. (U) At the same donor/GON meeting on May 13, the GON representative outlined the MINAG's planned response to rising food prices:-- Releasing 65,000 metric tons (mt) of assorted grains from the Federal National Strategic Reserve.
-- Purchasing and delivering 650,000 mt of fertilizers to the states.
-- Releasing funds to complete 25 silos to increase storage capacity.
-- Encouraging state governments to increase grain reserves to 10 percent of grain harvested
-- Promoting the establishment of fertilizer manufacturing plants and expansion of the national gas grid to power the plants.

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-- Proposing the immediate sale of 1,000 government owned farm tractors.
-- Advocating that Nigerians should eat what they grow.
-- Consideration of a plan to close Nigeria's border to prevent food exportation if the current situation worsens.

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Oil and Gas

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¶14. (U) ANOTHER DEADLY PIPELINE EXPLOSION: Estimates of the dead ranged from 50 to 100 people, with hundreds others injured, in a gasoline pipeline explosion on May 14 in the Ijegan area of Lagos State. The Nigerian National Petroleum Corporation (NNPC) said a bulldozer clearing land for a new road ruptured the pipeline and a spark caused the gasoline to ignite. NNPC officials accused state road workers of failing to adequately survey the land on which they were working and said encroachment on NNPC pipeline property by squatters contributed to the high death toll. A contact with a local trade union confirmed NNPC's version of events. While previous pipeline explosions have been blamed on local residents breaking lines to steal refined petroleum, this case appears to be the result of an accident, albeit an entirely preventable one.

¶15. (SBU) OIL PRODUCTION CONTINUES ITS SLOW DECLINE: The Central Bank of Nigeria announced April's oil production averaged 1.81 million barrels per day, down from 2.2 million barrels in January. April was an unusually tough month, even by Nigerian standards, for oil production, with several attacks on Shell facilities and a strike by ExxonMobil workers taking almost half of Nigeria's daily production off-line in the last week of April. A Chevron contact told Lagos Consul General that he expected a big boost in production numbers when Chevron's Agbami offshore facility begins operation in July, although he said it would take "some time" for the facility to reach its full

capacity of 250,000 barrels per day. (Comment: Shifting production from onshore to deep offshore is a mixed blessing for the Government of Nigeria. On the one hand, deep offshore platforms are generally safer from attack than facilities in the Niger Delta swamp and the boost to oil output will forestall a possible move by OPEC to further cut Nigeria's production quota. On the other hand, the government's initial receipts from offshore oil production are lower because of the structure of the related contracts. End Comment.)

¶16. (U) OGONI SEEK SOLUTIONS TO ENVIRONMENTAL DEGRADATION: A member of the Movement for the Survival of the Ogoni People (MOSOP) told Poloff on May 13 that the Ogoni people (through MOSOP) are working with the UNEP to identify ways forward in securing the clean up of Ogoniland in Rivers State. However, he noted the GON has yet to get on board.

Security

¶17. (SBU) KIDNAPPINGS OF LEBANESE, SYRIAN, CHINESE IN NIGER DELTA: A human rights contact told Poloff on May 19 that two Lebanese nationals were kidnapped on May 18 around 2:30 PM near the Port Harcourt/Owerri road in Ubioma, Rivers State. Nigerian press reported that two Lebanese nationals and a Syrian were kidnapped. All reportedly work for JMS Construction Company in Rivers State. According to Lagos Regional Security Officer (RSO) sources, two Chinese businessmen were kidnapped May 6 from the Chinese Construction Civil Engineering Company in Akampka, Cross River State. RSO sources suggested this was a "localized problem" and a 300 million naira ransom demand was reportedly made. The hostages were released on May 9. However, Ambassador was told by several high-placed Lagos businessmen there that the Chinese President called President Yar'Adua regarding the issue and that the Chinese government was very much "involved" in the means needed for the businessmen to be released.

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Other Noteworthy News

¶18. (U) NIGERIAN TURKISH COLLEGES CELEBRATE 10 YEAR ANNIVERSARY: Nigerian Turkish International Colleges will mark their 10-year anniversary in Nigeria on May 24. The colleges, which provide high-quality primary and secondary instruction to the children of Nigeria's elite, are located in Abuja, Lagos, Kaduna, and Kano. The curriculum emphasizes math and science, and Islamic studies. All courses are taught in English, though teachers for all courses are Turkish. Following graduation from these elite schools, students can pursue higher education at discounted rates at Turkish universities. The ideological architect of Nigerian Turkish International College, which is part of a global collection of schools in 80 countries, is Fethullah Gulen, an Islamic scholar who was exiled to the U.S. for his criticism of the Turkish overnment's restrictions on Islamic practice in Turkey. In addition to funds raised through steep admissions fees, the Colleges are funded by private donations from Turkish businessmen.

SANDERS